

Message Text

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71

ACTION ARA-20

INFO OCT-01 ADP-00 CIAE-00 COME-00 EB-11 INR-10 LAB-06

NSAE-00 RSC-01 SIL-01 RSR-01 (ADP) W

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R 191710Z JUL 73

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 4803

INFO AMEMBASSY GUATEMALA

AMEMBASSY SAN SALVADOR

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

USCINCSO

C O N F I D E N T I A L TEGUCIGALPA 2669

1. SUMMARY: GOH APPARENTLY PLANS ESTABLISH SHORTLY NATIONAL URBAN AND RURAL MINIMUM WAGE SCALES, A PRIORITY DEMAND OF LABOR MOVEMENT. LEVELS DECREED MAY BE WELL ABOVE CURRENT AVERAGES AND, IF SO, CAN BE EXPECTED TO PRODUCE CONSIDERABLE OPPOSITION FROM PRIVATE SECTOR. END SUMMARY.

2. LABOR MINISTER FONSECA TOLD EMBOFFS LAST WEEK THAT NEXT MAJOR SOCIAL INITIATIVE OF MILITARY GOVERNMENT WILL BE DECREE SETTING ACROSS-THE-BOARD MINIMUM WAGE, WITH DIFFERENTIATION ONLY BETWEEN RURAL AND URBAN AREAS. THIS WOULD SUPPLANT UNWIELDY 1971 LAW (TEG. A-49, MAY 2, 1971) WHICH HAS NEVER BEEN IMPLEMENTED. FONSECA INDICATED URBAN MINIMUM COULD BE AS HIGH AS FIVE LEMPIRAS (\$2.50) DAILY WITH THREE LEMPIRAS (\$1.50) FOR RURAL AREAS, AND THAT DECREE MIGHT BE ISSUED AS SEPTEMBER 15 INDEPENDENCE DAY "PRESENT."

3. IN SUBSEQUENT TALKS WITH LABOR LEADERS IT WAS CLEAR THAT WORKABLE MINIMUM WAGE LAW REMAINS HIGH ON ORGANIZED LABOR'S PRIORITY LIST. CELEO GONZALES REPORTED THAT, DURING MEETING IN SAN PEDRO LAST WEEK, HE HAD STRONGLY URGED GENERAL LOPEZ TO MOVE ON MATTER, CITING "DESPERATE" CONFIDENTIAL

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CONDITION OF MANY URBAN WORKERS, ESPECIALLY RETAIL CLERKS,

WHO EARN AS LITTLE AS ONE LEMPIRA (\$0.50) PER DAY.
WHILE GONZALEZ AND OTHERS SEEMED OPTIMISTIC GOVERNMENT
WOULD ACT BEFORE YEAR'S END, IT APPEARED THEY WERE
NOT PRIVY TO TIMING AND LEVELS BEING CONTEMPLATED BY
MINLABOR.

4. COMMENT: FONSECA INDICATED GOH WOULD COUNTER PRIVATE
ENTERPRISE GROUPS' PROTESTS BY CITING BUSINESS-SUPPLIED
WAGE STATISTICS TO "PROVE" THAT NEW WAGE FLOOR,
ESPECIALLY IN CITIES, WAS WELL BELOW AVERAGE ALREADY BEING
PAID. THE FIVE/THREE LEMPIRA LEVEL IS, HOWEVER, IF FACT MUCH
ABOVE CURRENT SCALES, AND LAW COULD ADVERSELY AFFECT SOME
MARGINAL BUSINESSES. IT CAN, IN ANY CASE, BE EXPECTED TO
REAWAKEN PRIVATE SECTOR RESENTMENTS ENGENDERED BY
PREVIOUS PRO-LABOR DECREES.
SANCHEZ

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: WAGES
Control Number: n/a
Copy: SINGLE
Draft Date: 19 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TEGUCI02669
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS SANCHEZ
Errors: N/A
Film Number: n/a
From: TEGUCIGALPA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730722/aaaaaptm.tel
Line Count: 77
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 17 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17-Jan-2002 by thigpegh>; APPROVED <11 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FMS OF T-41 AIRCRAFT
TAGS: ELAB, HO
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005